

**REPORT OF THE AUDIT OF THE  
HANCOCK COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2010**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Lori H. Flanery, Secretary  
Finance and Administrative Cabinet  
Honorable Jack McCaslin, Hancock County Judge/Executive  
Members of the Hancock County Fiscal Court

The enclosed report prepared by Tichenor & Associates, LLP, Certified Public Accountants, presents the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hancock County, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements.

We engaged Tichenor & Associates, LLP to perform the audit of these financial statements. We worked closely with the firm during our report review process; Tichenor & Associates, LLP evaluated Hancock County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Pubic Accounts

Enclosure





**EXECUTIVE SUMMARY**

**AUDIT EXAMINATION OF THE  
HANCOCK COUNTY FISCAL COURT**

**June 30, 2010**

Tichenor & Associates, LLP has completed the audit of the Hancock County Fiscal Court for fiscal year ended June 30, 2010. We have issued an unqualified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds of Hancock County, Kentucky.

**Financial Condition:**

The fiscal court had net assets of \$15,590,318 as of June 30, 2010. The fiscal court had unrestricted net assets of \$2,775,822 in its governmental activities as of June 30, 2010, with total net assets of \$7,552,822. In its business-type activities, total net cash and cash equivalents were \$133,302 with total net assets of \$8,037,496. The fiscal court had total debt principal as of June 30, 2010 of \$12,574,140 with \$608,661 due within the next year.

**Report Comments:**

- 2010-01 The Hancock County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash, Bank Reconciliations, Revenues, And Payroll
- 2010-02 The Hancock County Fiscal Court Paid Invoices From A Contractor For Prices Higher Than The Contractor's Bid Price

**Deposits:**

As of June 30, 2010, the fiscal court's deposits were insured and collateralized by bank securities.



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**TICHENOR & ASSOCIATES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE, SUITE C  
LOUISVILLE, KENTUCKY 40243

BUSINESS: (502) 245-0775

FAX: (502) 245-0725

E-MAIL: wtichenor@tichenorassociates.com

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Lori H. Flanery, Secretary  
Finance and Administration Cabinet  
Honorable Jack McCaslin, Hancock County Judge/Executive  
Members of the Hancock County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hancock County, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Hancock County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Hancock County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hancock County, Kentucky, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The County has chosen not to present the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit it and express no opinion on it.

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Lori H. Flanery, Secretary  
Finance and Administration Cabinet  
Honorable Jack McCaslin, Hancock County Judge/Executive  
Members of the Hancock County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hancock County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2011, on our consideration of Hancock County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2010-01 The Hancock County Fiscal Court Lacks Adequate Segregation Of Duties Over Cash, Bank Reconciliations, Revenues, And Payroll
- 2010-02 The Hancock County Fiscal Court Paid Invoices From A Contractor For Prices Higher Than The Contractor's Bid Price

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP  
Certified Public Accountants

March 31, 2011

HANCOCK COUNTY OFFICIALS

For The Year Ended June 30, 2010

**Fiscal Court Members:**

Jack B. McCaslin	County Judge/Executive
James W. Hodskins	Magistrate
Franklin W. Estes	Magistrate
Michael C. Powers	Magistrate
Larry G. Sosh	Magistrate

**Other Elected Officials:**

Paul Madden Jr.	County Attorney
Trina M. Ogle	County Clerk
Noel J. Quinn	Circuit Court Clerk
Ralph D. Bozarth	Sheriff
Dennis Long	Property Valuation Administrator
David C. Gibson	Coroner

**Appointed Personnel:**

Melissa D. Carr	County Treasurer
Stacy L. Bozarth	Occupational Tax Administrator



**HANCOCK COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2010**



**HANCOCK COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2010**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 9,030,754	\$ 133,302	\$ 9,164,056
Note Receivable	364,000		364,000
Total Current Assets	9,394,754	133,302	9,528,056
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land	862,102	1,627,176	2,489,278
Land Improvements		5,598,160	5,598,160
Construction In Progress	4,884,612	502,056	5,386,668
Buildings	1,780,636	629,282	2,409,918
Other Equipment	647,268	277,520	924,788
Vehicles	631,816		631,816
Infrastructure	1,195,774		1,195,774
Total Noncurrent Assets	10,002,208	8,634,194	18,636,402
Total Assets	19,396,962	8,767,496	28,164,458
<b>LIABILITIES</b>			
Current Liabilities:			
Financing Obligations	68,661		68,661
Bonds Payable	470,000	70,000	540,000
Total Current Liabilities	538,661	70,000	608,661
Noncurrent Liabilities:			
Financing Obligations	150,479		150,479
Bonds Payable	11,155,000	660,000	11,815,000
Total Noncurrent Liabilities	11,305,479	660,000	11,965,479
Total Liabilities	11,844,140	730,000	12,574,140
<b>NET ASSETS</b>			
Invested in Capital Assets,			
Net of Related Debt	4,571,691	7,904,194	12,475,885
Restricted For:			
Landfill Postclosure	205,309		205,309
Unrestricted	2,775,822	133,302	2,909,124
Total Net Assets	\$ 7,552,822	\$ 8,037,496	\$ 15,590,318

The accompanying notes are an integral part of the financial statements.

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**HANCOCK COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2010**

**HANCOCK COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,986,497	\$ 47,696	\$ 724,812	\$ 351,622
Protection to Persons and Property	1,206,659	225,140	193,148	
General Health and Sanitation	363,004	32,881		
Social Services	224,077		117,082	
Recreation and Culture	327,005			
Roads	1,130,402		761,090	
Airport	37,881			
Interest on Long-Term Debt	204,897			
Capital Projects	52,866			
Total Governmental Activities	6,533,288	305,717	1,796,132	351,622
Business-type Activities:				
Airport Board	484,062			731,542
Total Business-type Activities	484,062			731,542
Total Primary Government	\$ 7,017,350	\$ 305,717	\$ 1,796,132	\$ 1,083,164

**General Revenues:**

Taxes:

    Real Property Taxes

    Personal Property Taxes

    Motor Vehicle Taxes

    Occupational Taxes

    Other Taxes

In Lieu of Taxes

Excess Fees

Miscellaneous Revenues

Interest Received

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**HANCOCK COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2010**  
**(Continued)**

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (1,862,367)	\$	\$ (1,862,367)
(788,371)		(788,371)
(330,123)		(330,123)
(106,995)		(106,995)
(327,005)		(327,005)
(369,312)		(369,312)
(37,881)		(37,881)
(204,897)		(204,897)
(52,866)		(52,866)
(4,079,817)		(4,079,817)
	247,480	247,480
	247,480	247,480
(4,079,817)	247,480	(3,832,337)
176,547		176,547
61,105		61,105
40,695		40,695
2,736,682		2,736,682
121,739		121,739
14,289		14,289
139,738		139,738
701,614	18,915	720,529
131,352	112	131,464
4,123,761	19,027	4,142,788
43,944	266,507	310,451
7,508,878	7,770,989	15,279,867
\$ 7,552,822	\$ 8,037,496	\$ 15,590,318

The accompanying notes are an integral part of the financial statements.

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**HANCOCK COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**



**HANCOCK COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Local Government Economic Assistance Fund</b>	<b>Judicial Center Bond Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,842,795	\$ 167,871	\$ 347,248	\$ 6,413,623	\$ 259,217	\$ 9,030,754
Total Assets	<u>1,842,795</u>	<u>167,871</u>	<u>347,248</u>	<u>6,413,623</u>	<u>259,217</u>	<u>9,030,754</u>
<b>FUND BALANCES</b>						
Reserved for:						
Encumbrances	274,555	18,284	38		2,480	295,357
Landfill Postclosure	205,309					205,309
Capital Projects				6,413,623		6,413,623
Unreserved:						
General Fund	1,362,931					1,362,931
Special Revenue Funds		149,587	347,210		256,737	753,534
Total Fund Balances	<u>\$ 1,842,795</u>	<u>\$ 167,871</u>	<u>\$ 347,248</u>	<u>\$ 6,413,623</u>	<u>\$ 259,217</u>	<u>\$ 9,030,754</u>

**Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets:**

Total Fund Balances	\$ 9,030,754
Note Receivable	364,000
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used In Governmental Activities Are Not Financial Resources And Therefore Are Not Reported In The Funds.	14,437,695
Accumulated Depreciation	(4,435,487)
Long-term Debt Is Not Due And Payable In The Current Period And, Therefore, Is Not Reported In The Funds.	
Financing Obligations	(219,140)
General Obligation Bonds	<u>(11,625,000)</u>
Net Assets Of Governmental Activities	<u>\$ 7,552,822</u>

The accompanying notes are an integral part of the financial statements.

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**HANCOCK COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

**HANCOCK COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Local Government Economic Assistance Fund</b>	<b>Judicial Center Bond Fund</b>
<b>REVENUES</b>				
Taxes	\$ 3,094,129	\$	\$	\$
In Lieu Tax Payments	14,289			
Excess Fees	139,738			
Licenses and Permits	42,796			
Intergovernmental	919,521	761,090	117,082	181,278
Charges for Services	245,691			
Miscellaneous	568,600	130,918		
Interest	13,255	1,623	3,258	111,606
Total Revenues	<u>5,038,019</u>	<u>893,631</u>	<u>120,340</u>	<u>292,884</u>
<b>EXPENDITURES</b>				
General Government	1,253,760			
Protection to Persons and Property	1,018,772		1,049	
General Health and Sanitation	363,004			
Social Services	194,960		15,300	
Recreation and Culture	321,508		2,437	
Roads		1,138,138	289,255	
Airports	37,881			
Debt Service	27,711	237,878		185,867
Capital Projects				3,769,345
Administration	1,113,456	184,965		118,216
Total Expenditures	<u>4,331,052</u>	<u>1,560,981</u>	<u>308,041</u>	<u>4,073,428</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>706,967</u>	<u>(667,350)</u>	<u>(187,701)</u>	<u>(3,780,544)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers To Other Funds	(594,500)		(17,000)	
Transfers From Other Funds		528,000	17,000	
Proceeds From Sale of Assets Held For Resale		189,509		
Discount On Bonds				(232,500)
Debt Issuance				11,625,000
Payment To Escrow Agent				(1,198,333)
Financing Obligations Proceeds	100,000			
Total Other Financing Sources (Uses)	<u>(494,500)</u>	<u>717,509</u>	<u></u>	<u>10,194,167</u>
Net Change in Fund Balances	212,467	50,159	(187,701)	6,413,623
Fund Balances - Beginning (Restated)	1,630,328	117,712	534,949	
Fund Balances - Ending	<u>\$ 1,842,795</u>	<u>\$ 167,871</u>	<u>\$ 347,248</u>	<u>\$ 6,413,623</u>

The accompanying notes are an integral part of the financial statements.

**HANCOCK COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2010**  
**(Continued)**

<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$ 37,149	\$ 3,131,278
	14,289
	139,738
	42,796
177,599	2,156,570
9,909	255,600
6,091	705,609
1,610	131,352
<u>232,358</u>	<u>6,577,232</u>
	1,253,760
253,320	1,273,141
	363,004
	210,260
	323,945
	1,427,393
	37,881
4,537	455,993
109,491	3,878,836
11,449	1,428,086
<u>378,797</u>	<u>10,652,299</u>
<u>(146,439)</u>	<u>(4,075,067)</u>
(20,000)	(631,500)
86,500	631,500
	189,509
	(232,500)
109,491	11,734,491
	(1,198,333)
	100,000
<u>175,991</u>	<u>10,593,167</u>
29,552	6,518,100
229,665	2,512,654
<u>\$ 259,217</u>	<u>\$ 9,030,754</u>

The accompanying notes are an integral part of the financial statements.

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**HANCOCK COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**



**HANCOCK COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

Net Change in Fund Balances - Total Governmental Funds	\$ 6,518,100
--	--------------

Governmental Funds Report Capital Outlays As Expenditures. However, In The Statement Of Activities, The Costs Of Those Assets Is Allocated Over Their Estimated Useful Lives And Reported As Depreciation Expense.

Capital Outlay	4,389,208
Depreciation Expense	(271,778)
Asset Held For Resale Disposed	(205,800)

The Issuance of Long-term Debt (e.g. Bonds, Financing Obligations) Provides Current Financial Resources To Governmental Funds While Principal Payments Are Expenses In The Governmental Funds As A Use Of Current Financial Resources. These Transactions, However Have No Effect On Net Assets.

Debt Issuance	(11,834,491)
Financing Obligations Principal Payments	251,096
Payment On Bond Anticipation Note	1,198,332

Internal Service Funds Are Used By Management To Charge The Cost Of Health Insurance To Individual Funds. The Net Revenues (Expenses) Of This Fund Are Reported With Governmental Activities.

(723)

Change in Net Assets of Governmental Activities

\$ 43,944

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**HANCOCK COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**



**HANCOCK COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**

	<u><b>Business-Type Activities</b></u>
	<u><b>Enterprise Funds</b></u>
	<u><b>Airport Board Fund</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 133,302
Total Current Assets	<u>133,302</u>
Noncurrent Assets:	
Capital Assets - Net of Accumulated	
Land	1,627,176
Land Improvements	5,598,160
Construction in Progress	502,056
Building	629,282
Other Equipment	277,520
Total Noncurrent Assets	<u>8,634,194</u>
Total Assets	<u>8,767,496</u>
<b>Liabilities</b>	
Current Liabilities:	
Bonds Payable	70,000
Long Term Liabilities:	
Bonds Payable	660,000
Total Liabilities	<u>730,000</u>
<b>Net Assets</b>	
Invested in Capital Assets,	
Net of Related Debt	7,904,194
Unrestricted	133,302
Total Net Assets	<u>\$ 8,037,496</u>

The accompanying notes are an integral part of the financial statements.

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**HANCOCK COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**



**HANCOCK COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Fund</b>
	<b>Airport Board Fund</b>	<b>Insurance Deductible Fund</b>
<b>Operating Revenues</b>		
Other Receipts	\$ 18,915	\$
Total Operating Revenues	<u>18,915</u>	<u></u>
<b>Operating Expenses</b>		
Depreciation	256,271	
Supplies	24,154	
Miscellaneous	168,752	
Administration and Claims	572	723
Total Operating Expenses	<u>449,749</u>	<u>723</u>
Operating Income (Loss)	<u>(430,834)</u>	<u>(723)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest	112	
Intergovernmental	731,542	
Interest Expense	<u>(34,313)</u>	<u></u>
Net Nonoperating Revenues (Expenses)	<u>697,341</u>	<u></u>
Change In Net Assets	266,507	(723)
Total Net Assets - Beginning	<u>7,770,989</u>	<u>723</u>
Total Net Assets - Ending	<u><u>\$ 8,037,496</u></u>	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statements.

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**HANCOCK COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**



**HANCOCK COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Fund</b>
	<b>Airport Board Fund</b>	<b>Insurance Deductible Fund</b>
<b>Cash Flows From Operating Activities</b>		
Cash Received From Others	\$ 18,915	\$
Cash Payments To Vendors	(192,906)	
Cash Payments for Administration and Claims	(572)	(723)
Net Cash (Used) By Operating Activities	(174,563)	(723)
<b>Cash Flows From Capital and Related Financing Activities</b>		
Interest Paid On Capital Debt	(34,313)	
Capital Contributions	731,542	
Principal Payment On Capital Debt	(65,000)	
Construction of Capital Assets	(670,639)	
Net Cash (Used) By Capital and Related Financing Activities	(38,410)	
<b>Cash Flows From Investing Activities</b>		
Interest and Investment Earnings	112	
Net Cash Provided By Investing Activities	112	
Net Increase in Cash and Cash Equivalents	(212,861)	(723)
Cash and Cash Equivalents - July 1, 2009	346,163	723
Cash and Cash Equivalents - June 30, 2010	\$ 133,302	\$ 0
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities</b>		
Operating Income (Loss)	\$ (430,834)	\$ (723)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities - Depreciation Expense	256,271	
Total Cash (Used) By Operating Activities	\$ (174,563)	\$ (723)

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county prepares its government wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivables are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the values of these assets are included in the Statement of Net Assets and their corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Hancock County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented. The County has no discretely presented component units.

**Blended Component Units**

The following legally separate organizations provide its services exclusively to the primary government, and the Fiscal Court is able to impose its will on these organizations. These organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

**Hancock County Airport Board**

The Hancock County Airport Board is not legally separate from the Hancock County Fiscal Court. The Fiscal Court has the ability to impose its will on the governing board. Financial information for the Airport Board is blended within Hancock County's financial statements. All activities of the Airport Board are accounted for within a major enterprise fund.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Reporting Entity (Continued)**

Hancock County Public Improvement Corporation

The Hancock County Fiscal Court appoints the Public Improvement Corporation's governing board and has the ability to impose its will on the governing board. In addition, the Fiscal Court is financially accountable and legally obligated for the debt of the Public Improvement Corporation. Financial information for the Public Improvement Corporation is blended within Hancock County's financial statements. All activities of the Public Improvement Corporation are accounted for within a major (capital projects) fund.

**C. Hancock County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Hancock County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These officials are not part of the Hancock County reporting entity.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

**General Fund** - This is the primary operating fund of the Fiscal Court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

**Road Fund** - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

**Local Government Economic Assistance Fund** - The purpose of this fund is to account for local government development funds received from the state government. The primary sources of revenue are state grants and coal and mineral severance taxes. The funds may be used for roads, protection of persons and property, social services and general health and sanitation expenditures.

**Judicial Center Bond Fund** - The purpose of this fund is to account for the funds received from a bond issue and to account for expenses related to the construction of the new Judicial Center.

The primary government also has the following non-major funds: Jail Fund, E911 Fund, and New Courthouse Fund.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Special Revenue Funds:

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, and E911 Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Capital Projects Fund:

New Courthouse Fund - The County created a fund to help account for the funds received from a bond issue and to account for expenses related to the construction of the new Judicial Center.

Judicial Center Bond Fund - The Judicial Center Bond Fund is presented as a Capital Projects Fund and is used to account for constructions costs of the Hancock County Judicial Center.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Fund:

The principal operating revenues of the county's enterprise fund is charges to customers for sales and services at the Airport. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

The government reports the following major proprietary fund:

Airport Board Fund - The primary purpose of this fund is to account for the activities of the airport. The primary sources of revenue for this fund are from charges to customers and federal aviation grants.

Internal Service Fund:

The primary government reports the following internal service fund:

Insurance Deductible Fund - This fund accounts for services provided to the county's employees as a benefit. The Insurance Deductible Fund of the fiscal court is reported as an internal service fund. At June 30, 2010 the fiscal court no longer has an Insurance Deductible Fund.



**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, other equipment, vehicles and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized for Governmental Funds but is capitalized to Proprietary Funds. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	10-25
Buildings	\$ 10,000	10-40
Other Equipment	\$ 5,000	5-10
Vehicles	\$ 7,500	5-10
Infrastructure - Roads	\$ 10,000	10-25
Infrastructure - Bridges	\$ 5,000	10-50

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

**I. Budgetary Information**

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The Hancock County Airport Board (blended component unit) funds are not budgeted. The Department for Local Government does not require the Fiscal Court to report or budget this fund.

**Note 2. Deposits**

The County maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) in accordance with KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 2. Deposits (Continued)**

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the county's deposits may not be returned. The County does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240 (4). As of June 30, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Note Receivable**

Hancock County Fiscal Court loaned \$364,000 to World Source Industries, Inc., on June 14, 1990 for the purpose of land acquisition. Arvin Roll Coater, Inc. had assumed this loan and merged with Arvin Meritor in December 2004. Terms of the agreement stipulate a one-time payment on June 14, 2005; however, as of June 30, 2010, the payment hasn't been made and is in dispute. As of June 30, 2010, the principal balance remaining due was \$364,000.

**Note 4. Assets Held For Resale**

Assets held for resale activity for the year ended June 30, 2010 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Assets Held For Resale:				
Vehicles	\$ 205,800	\$	\$ 205,800	\$
Total Assets Held For Resale	\$ 205,800	\$ 0	\$ 205,800	\$ 0

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 862,102	\$	\$	\$ 862,102
Construction In Progress	1,058,642	3,825,970		4,884,612
Total Capital Assets Not Being Depreciated	1,920,744	3,825,970		5,746,714
Capital Assets, Being Depreciated:				
Buildings	3,135,865			3,135,865
Other Equipment	1,782,251	34,311		1,816,562
Vehicles	2,159,728	99,395		2,259,123
Infrastructure	1,049,899	429,532		1,479,431
Total Capital Assets Being Depreciation	8,127,743	563,238		8,690,981
Less Accumulated Depreciation For:				
Buildings	(1,289,396)	(65,833)		(1,355,229)
Other Equipment	(1,076,530)	(92,764)		(1,169,294)
Vehicles	(1,581,649)	(45,658)		(1,627,307)
Infrastructure	(216,134)	(67,523)		(283,657)
Total Accumulated Depreciation	(4,163,709)	(271,778)		(4,435,487)
Total Capital Assets, Being Depreciated, Net	3,964,034	291,460		4,255,494
Governmental Activities Capital Assets, Net	\$ 5,884,778	\$ 4,117,430	\$ 0	\$ 10,002,208

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Capital Assets (Continued)**

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,627,176	\$	\$	\$ 1,627,176
Construction In Progress	6,561,799	502,056	(6,561,799)	502,056
Total Capital Assets Not Being Depreciated	8,188,975	502,056	(6,561,799)	2,129,232
Capital Assets, Being Depreciated:				
Land Improvements		5,807,220		5,807,220
Buildings		648,744		648,744
Other Equipment	33,902	274,418		308,320
Total Capital Assets Being Depreciated	33,902	6,730,382		6,764,284
Less Accumulated Depreciation For:				
Land Improvements		(209,060)		(209,060)
Buildings		(19,462)		(19,462)
Other Equipment	(3,051)	(27,749)		(30,800)
Total Accumulated Depreciation	(3,051)	(256,271)		(259,322)
Total Capital Assets, Being Depreciated, Net	30,851	6,474,111		6,504,962
Business-Type Activities Capital Assets, Net	\$ 8,219,826	\$ 6,976,167	\$ (6,561,799)	\$ 8,634,194

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 71,428
Protection to Persons and Property	53,913
Social Services	13,817
Recreation and Culture	3,060
Roads, Including Depreciation of General Infrastructure Assets	<u>129,560</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 271,778</u>
<u>Business-Type Activities</u>	
Airport Board	<u>\$ 256,271</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 256,271</u>

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 6. Long-term Debt**

**A. Mack Dump Trucks**

Hancock County Fiscal Court entered into a long-term lease with the Kentucky Association of Counties Leasing Trust to finance the purchase of two Mack dump trucks on December 15, 2008. The lease is for \$205,800 at an interest rate of 3.83% per annum. Interest payments are due by the 20<sup>th</sup> of each month. The entire principal amount is due on December 20, 2013. This lease was paid in full on June 14, 2010.

**B. Excavator**

Hancock County Fiscal Court borrowed \$108,445 from Green River Area Development District for the purchase of an excavator. Terms of the agreement stipulate a five year repayment schedule at interest of 4%. The Fiscal Court is in substantial compliance with the terms of the agreement. As of June 30, 2010, the principal balance was \$67,625. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal Amount	Scheduled Interest
2011	\$ 21,997	\$ 1,517
2012	22,537	977
2013	23,091	423
Totals	<u>\$ 67,625</u>	<u>\$ 2,917</u>

**C. Airport Construction Note**

Hancock County Fiscal Court borrowed \$100,000 from Green River Area Development District for construction at the airport. Terms of the agreement stipulate a four year repayment schedule at interest of 4.25%. The Fiscal Court is in substantial compliance of the terms of the agreement. As of June 30, 2010, the principal balance was \$51,515. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal Amount	Scheduled Interest
2011	\$ 25,522	\$ 2,189
2012	25,993	1,105
Totals	<u>\$ 51,515</u>	<u>\$ 3,294</u>

**D. Ambulance**

Hancock County Fiscal Court borrowed \$100,000 from Green River Area Development District for the purchase of an ambulance. Terms of the agreement stipulate a five year repayment schedule with a variable interest rate. The Fiscal Court is in substantial compliance of the terms of the agreement. As of June 30, 2010, the principal balance was \$100,000. Future principal and interest requirements are:

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**D. Ambulance (Continued)**

Fiscal Year Ended June 30	Governmental Activities	
	Principal Amount	Scheduled Interest
2011	\$ 21,142	\$ 345
2012	19,563	1,924
2013	20,041	1,447
2014	20,530	958
2015	18,724	457
Totals	<u>\$ 100,000</u>	<u>\$ 5,131</u>

**E. Judicial Center Construction Bond Anticipation Note, Series 2007**

Hancock County Fiscal Court issued a Bond Anticipation Note, Series 2007 for \$2,000,000 thru Hancock Bank and Trust Company on December 10, 2007 to finance a portion of the costs of acquisition, development, construction and installation of a new Judicial Center Building. The note bears interest from the date of each advance of proceeds and is payable on December 1, 2008 and on each June 1 and December 1 until it matures. The rate per annum is 3.69%. The bond will mature December 1, 2009. As of July 1, 2008, Hancock County Fiscal Court had drawn down \$50,000. During the fiscal year June 30, 2009, the Hancock County Fiscal Court had drawn down an additional \$1,169,341. During the fiscal year June 30, 2010, Hancock County Fiscal Court had drawn down an additional \$109,491 with \$130,500 refunded to Hancock Bank and Trust Company. The note was paid in full on August 12, 2009 by Hancock County issuing Hancock County Public Improvement Corporation Lease Revenue Bonds (Judicial Center Project), Series 2009.

**F. Hancock County Public Improvement Corporation Lease Revenue Bonds (Judicial Center Project), Series 2009**

Hancock County Fiscal Court issued Lease Revenue Bonds (Judicial Center Project), Series 2009 for \$11,625,000 for the purpose of acquiring, constructing, and furnishing a new Judicial Center. The bond requires yearly principal payments due August 1 and interest payments due February 1 and August 1 with a variable interest rate. The bond will mature on August 1, 2028. As of June 30, 2010, the principal balance was \$11,625,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal Amount	Scheduled Interest
2011	\$ 470,000	\$ 381,454
2012	480,000	371,954
2013	485,000	362,304
2014	500,000	351,829
2015	510,000	340,466
2016-2020	2,760,000	1,485,444
2021-2025	3,285,000	966,176
2025-2029	3,135,000	263,653
Totals	<u>\$ 11,625,000</u>	<u>\$ 4,523,280</u>

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**G. Airport Board Bond Issue**

Hancock County Airport Board issued bonds totaling \$860,000 thru the Kentucky Public Agency Development Trust & Lease Acquisition Program Series 2007 A1 on September 18, 2007 for the purpose of building a terminal for the airport. The coupon rate is 4.5% and it was issued at par value. These bonds will mature September 1, 2017. The principal balance at June 30, 2010 was \$730,000. The future debt service requirements are:

Fiscal Year Ended June 30	Business-Type Activities	
	Principal Amount	Scheduled Interest
2011	\$ 70,000	\$ 31,275
2012	70,000	28,125
2013	75,000	24,863
2014	80,000	21,375
2015	80,000	17,775
2016-2018	355,000	28,238
Totals	<u>\$ 730,000</u>	<u>\$ 151,651</u>

**H. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
Financing Obligations	\$ 370,236	\$ 100,000	\$ 251,096	\$ 219,140	\$ 68,661
General Obligation Bonds		11,625,000		11,625,000	470,000
Anticipation Note	1,088,841	109,491	1,198,332		
Governmental Activities Long-term Liabilities	<u>\$ 1,459,077</u>	<u>\$ 11,834,491</u>	<u>\$ 1,449,428</u>	<u>\$ 11,844,140</u>	<u>\$ 538,661</u>
<u>Business-Type Activities:</u>					
General Obligation Bonds	\$ 795,000	\$	\$ 65,000	\$ 730,000	\$ 70,000
Business-Type Activities Long-term Liabilities	<u>\$ 795,000</u>	<u>\$ 0</u>	<u>\$ 65,000</u>	<u>\$ 730,000</u>	<u>\$ 70,000</u>



**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 7. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.16 percent.

The county's contribution for FY 2008 was \$266,633, FY 2009 was \$251,908, and FY 2010 was \$318,593.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 8. Deferred Compensation**

The Hancock County Fiscal Court participated in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 9. Insurance**

For the fiscal year ended June 30, 2010, Hancock County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**HANCOCK COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 10. Landfill Closure and Postclosure Costs**

The Hancock County Landfill was closed on June 20, 1995. The Fiscal Court must comply with established state and federal landfill closure and postclosure procedures and must perform maintenance and monitoring procedures at the site for thirty years after closure. Estimated postclosure care costs total \$205,309 as of June 30, 2010, or \$13,687 per year. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. It is anticipated that postclosure costs will be paid out of the General Fund to the extent that funds are available with any excess costs being funded using long-term borrowings.

**Note 11. Prior Period Adjustments**

Beginning net assets of governmental activities has been restated by \$131,363 for debt refunded and prior year voided checks.

Beginning fund balance of the General Fund has been restated by \$630 for prior year voided checks.

Beginning fund balance of the Road Fund has been restated by \$90 for prior year voided checks.

Beginning fund balance of the Jail Fund has been restated by \$57 for prior year voided checks.

Beginning fund balance of the E911 Fund has been restated by \$86 for prior year voided checks.

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**



**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2010**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,606,945	\$ 2,637,545	\$ 3,094,129	\$ 456,584
In Lieu Tax Payments	15,600	15,600	14,289	(1,311)
Excess Fees	90,950	90,950	139,738	48,788
Licenses and Permits	24,000	34,000	42,796	8,796
Intergovernmental Revenue	501,759	741,759	1,018,871	277,112
Charges for Services	196,350	196,350	245,691	49,341
Miscellaneous	386,500	770,500	568,600	(201,900)
Interest	10,500	10,500	13,255	2,755
Total Revenues	<u>3,832,604</u>	<u>4,497,204</u>	<u>5,137,369</u>	<u>640,165</u>
<b>EXPENDITURES</b>				
General Government	1,187,554	1,371,499	1,253,760	117,739
Protection to Persons and Property	1,061,150	1,244,899	1,018,122	226,777
General Health and Sanitation	258,950	453,353	363,004	90,349
Social Services	212,608	223,427	194,960	28,467
Recreation and Culture	360,410	387,822	321,508	66,314
Airports	45,750	65,592	37,881	27,711
Debt Service		23,927	27,711	(3,784)
Administration	1,503,780	1,524,283	1,113,456	410,827
Total Expenditures	<u>4,630,202</u>	<u>5,294,802</u>	<u>4,330,402</u>	<u>964,400</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(797,598)</u>	<u>(797,598)</u>	<u>806,967</u>	<u>1,604,565</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	<u>(716,035)</u>	<u>(716,035)</u>	<u>(594,500)</u>	<u>121,535</u>
Total Other Financing Sources (Uses)	<u>(716,035)</u>	<u>(716,035)</u>	<u>(594,500)</u>	<u>121,535</u>
Net Changes in Fund Balance	(1,513,633)	(1,513,633)	212,467	1,726,100
Fund Balance - Beginning (Restated)	<u>1,513,633</u>	<u>1,513,633</u>	<u>1,630,328</u>	<u>116,695</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,842,795</u>	<u>\$ 1,842,795</u>

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 722,004	\$ 777,004	\$ 761,090	\$ (15,914)
Miscellaneous	200,700	265,700	320,427	54,727
Interest	2,900	2,900	1,623	(1,277)
Total Revenues	925,604	1,045,604	1,083,140	37,536
<b>EXPENDITURES</b>				
Roads	1,143,423	1,311,847	1,138,138	173,709
Debt Service	232,658	240,146	237,878	2,268
Administration	246,798	190,886	184,965	5,921
Total Expenditures	1,622,879	1,742,879	1,560,981	181,898
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(697,275)	(697,275)	(477,841)	219,434
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	551,775	551,775	528,000	(23,775)
Total Other Financing Sources (Uses)	551,775	551,775	528,000	(23,775)
Net Changes in Fund Balance	(145,500)	(145,500)	50,159	195,659
Fund Balance - Beginning (Restated)	145,500	145,500	117,712	(27,788)
Fund Balance - Ending	\$ 0	\$ 0	\$ 167,871	\$ 167,871

**HANCOCK COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 78,100	\$ 78,100	\$ 117,082	\$ 38,982
Miscellaneous	100	100		(100)
Interest	4,050	4,050	3,258	(792)
Total Revenues	82,250	82,250	120,340	38,090
<b>EXPENDITURES</b>				
Protection to Persons and Property	1,100	1,100	1,049	51
General Health and Sanitation	3,300	3,300		3,300
Social Services	23,500	23,500	15,300	8,200
Recreation and Culture	5,800	5,800	2,437	3,363
Roads	499,050	499,050	289,255	209,795
Total Expenditures	532,750	532,750	308,041	224,709
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(450,500)	(450,500)	(187,701)	262,799
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds			(17,000)	(17,000)
Transfers From Other Funds			17,000	17,000
Total Other Financing Sources (Uses)				
Net Changes in Fund Balance	(450,500)	(450,500)	(187,701)	262,799
Fund Balance - Beginning	450,500	450,500	534,949	84,449
Fund Balance - Ending	\$ 0	\$ 0	\$ 347,248	\$ 347,248

**HANCOCK COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2010**

**Note 1. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**Note 2. Reconciliation of Required Supplementary Information to Statement of Revenues, Expenditures, and Changes in Fund Balances**

Following is a summary of adjustments that convert the cash basis budgetary schedules to the modified cash basis of accounting used in the Statement of Revenues, Expenditures, and Changes in Fund Balances:

General Fund:

Budgetary Basis - Receipts	\$ 5,137,369
Less: Financing Obligations Proceeds	(99,350)
Modified Cash Basis	<u>\$ 5,038,019</u>
 Budgetary Basis - Expenditures	 \$ 4,330,402
Add: Expenses related to debt	650
Modified Cash Basis	<u>\$ 4,331,052</u>
 Budgetary Basis - Other Financing Sources (Uses)	 \$ (594,500)
Add: Financing Obligations Proceeds	100,000
Modified Cash Basis	<u>\$ (494,500)</u>

Road Fund:

Total Revenues - Budgetary Basis	\$ 1,083,140
Less: Proceeds from Assets Held for Resale	(189,509)
Modified Cash Basis	<u>\$ 893,631</u>
 Budgetary Basis - Other Financing Sources (Uses)	 \$ 528,000
Add: Proceeds from Assets Held for Resale	189,509
Modified Cash Basis	<u>\$ 717,509</u>



**HANCOCK COUNTY  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Other Supplementary Information**

**June 30, 2010**



**HANCOCK COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2010**

	<b>Jail Fund</b>	<b>E911 Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,171	\$ 257,046	\$ 259,217
Total Assets	<u>2,171</u>	<u>257,046</u>	<u>259,217</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	2,060	420	2,480
Unreserved:			
Special Revenue Fund	<u>111</u>	<u>256,626</u>	<u>256,737</u>
Total Fund Balances	<u>\$ 2,171</u>	<u>\$ 257,046</u>	<u>\$ 259,217</u>

The accompanying notes are an integral part of the financial statements.

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**HANCOCK COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2010**



**HANCOCK COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2010**

	<b>Jail Fund</b>	<b>E911 Fund</b>	<b>New Courthouse Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$	\$ 37,149	\$	\$ 37,149
Intergovernmental	81,245	96,354		177,599
Charges for Services	9,909			9,909
Miscellaneous	6,091			6,091
Interest		1,610		1,610
Total Revenues	<u>97,245</u>	<u>135,113</u>		<u>232,358</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	150,882	102,438		253,320
Debt Service			4,537	4,537
Capital Projects			109,491	109,491
Administration	<u>11,449</u>			<u>11,449</u>
Total Expenditures	<u>162,331</u>	<u>102,438</u>	<u>114,028</u>	<u>378,797</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(65,086)</u>	<u>32,675</u>	<u>(114,028)</u>	<u>(146,439)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer To Other Funds	(20,000)			(20,000)
Transfer From Other Funds	86,500			86,500
Debt Issuance			109,491	109,491
Total Other Financing Sources (Uses)	<u>66,500</u>		<u>109,491</u>	<u>175,991</u>
Net Change in Fund Balance	1,414	32,675	(4,537)	29,552
Fund Balances - Beginning (Restated)	<u>757</u>	<u>224,371</u>	<u>4,537</u>	<u>229,665</u>
Fund Balances - Ending	<u>\$ 2,171</u>	<u>\$ 257,046</u>	<u>\$ 0</u>	<u>\$ 259,217</u>

The accompanying notes are an integral part of the financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



**TICHENOR & ASSOCIATES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE, SUITE C  
LOUISVILLE, KENTUCKY 40243

BUSINESS: (502) 245-0775

FAX: (502) 245-0725

E-MAIL: wtichenor@tichenorassociates.com

The Honorable Jack McCaslin, Hancock County Judge/Executive  
Members of the Hancock County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hancock County, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 31, 2011. Hancock County's financial statements are prepared in accordance with the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hancock County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hancock County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hancock County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2010-01 and 2010-02 to be material weaknesses.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Hancock County's financial statements as of and for the year ended June 30, 2010, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Hancock County Judge/Executive's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the County Judge/Executive's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Hancock County Fiscal Court, others within the entity, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP  
Certified Public Accountants

March 31, 2011

**HANCOCK COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2010**



**HANCOCK COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2010**

INTERNAL CONTROL - MATERIAL WEAKNESSES

2010-01 Lack Of Adequate Segregation Of Duties Over Cash, Bank Reconciliations, Revenues And Payroll

During the audit we noted that there is a lack of segregation of duties over cash, bank reconciliations, revenues, and payroll. The Treasurer performs all accounting functions over cash and receives, posts, and reconciles revenues as well as preparation of the quarterly financial statements. The Treasurer also prepares payroll, uploads payments to the bank, and then reconciles payroll amounts listed on the quarterly financial statement. There were no documented compensating controls to offset the lack of segregation of duties or reduce the deficiency to an acceptable level.

We recommend the Fiscal Court segregate incompatible duties or implement the following compensating internal controls.

1. Have someone independent of the Treasurer's office review and re-compute the bank reconciliation. Outstanding items should be reviewed. The review/re-computation should be documented.
2. Have someone independent of the Treasurer's office compare receipts listing to the daily check out sheets to the receipts ledger to determine all receipts are properly accounted for. The review should be documented.
3. Have someone independent of the Treasurer's office trace balances on the quarterly reports to the general ledger in order to validate amounts reported on the financial statements. This process should be documented.
4. Have someone independent of the Treasurer's office review payroll prior to submission to the bank as well as review amounts posted to the ledgers.

*County Judge/Executive Jack McCaslin's Response: "We continue to improve internal controls. Due to having a small staff, it is hard to segregate duties. The other departments have their own job duties to perform."*

2010-02 The Fiscal Court Paid Invoices From A Contractor For Prices Higher Than The Contractor's Bid Price

During our expense testing, we noted that the Fiscal Court awarded the bid for Bituminous Concrete Hot-Mix delivered, placed, compacted and rolled on various county roads in all parts of Hancock County for \$59 per ton to a contractor. This bid covered the fiscal year July 1, 2009 – June 30, 2010 and included wording that all bid prices are to be warranted against increase during the term of this contract. While testing paid invoices from the contractor who was awarded the contract, we noted that the price per ton charged on the invoice was higher than the bid price per the contract. The following table shows the amount overpaid by the Fiscal Court during the fiscal year ended June 30, 2010.

**HANCOCK COUNTY**  
**COMMENTS AND RECOMMENDATIONS**  
**Fiscal Year Ended June 30, 2010**  
**(Continued)**

INTERNAL CONTROL - MATERIAL WEAKNESSES (Continued)

2010-02 The Fiscal Court Paid Invoices From A Contractor For Prices Higher Than The Contractor's Bid Price (Continued)

Invoice #	Invoice Date	Item # on Invoice	Quantity in Tons	Unit Price Charged	Amount Paid Per Invoice	Bid Price	Amount to Pay Per Bid Price	Amount Overpaid
6283	8/5/2009	120	3,176.83	\$ 63.50	\$ 201,728.72	\$ 59.00	\$ 187,432.97	\$14,295.75
6283	8/5/2009	149	72.25	63.50	4,587.88	59.00	4,262.75	325.13
7462	1/6/2010	149	550.98	67.50	37,191.15	59.00	32,507.82	4,683.33
8443	5/31/2010	149	1,898.76	78.75	149,527.34	59.00	112,026.84	37,500.50
							Total Amount Overpaid	<u>\$56,804.71</u>

We recommend that the Fiscal Court collect the overpayment of \$56,804.71 from the contractor. We also recommend that the Fiscal Court implement policies and procedures to ensure that before invoices are paid, they are compared to the bid price to ensure that the Fiscal Court does not pay in excess of the bid.

*County Judge/Executive Jack McCaslin's Response: "We will definitely look into this situation. In the future, we will impose additional steps in our procedures to avoid this situation."*



**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS**

**HANCOCK COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2010**



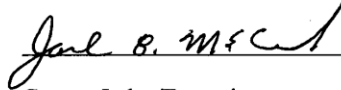
CERTIFICATION OF COMPLIANCE

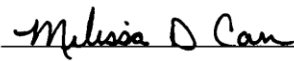
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

HANCOCK COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2010

The Hancock County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
County Judge/Executive

  
\_\_\_\_\_  
County Treasurer

